

New Hope Community Development Corporation

Lisa A. Baker, Executive Director

147 W. Main Street
Woodland, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982

DATE: May 17, 2012
TO: New Hope CDC Board of Directors
FROM: Lisa A. Baker, Executive Director
By: Mark Stern, Finance Director
SUBJECT: **Review and Approve Note Payable to Yolo County Housing**

RECOMMENDED ACTIONS:

That the Board of Directors review and approve a note payable to Yolo County Housing.

BACKGROUND / DISCUSSION

Over the course of the last eleven years, New Hope CDC has accumulated debt to Yolo County Housing that is shown as an interfund payable to YCH, a current liability in the balance sheet. For the first few years after New Hope acquired Cottonwood Meadows, the development was operating profitably. In November of 2004, equity in the apartments was withdrawn for the purchase of a commercial property on Kentucky Avenue in Woodland. The commercial enterprise failed and the property was sold in November of 2007 at a loss of nearly \$600,000. The balance payable to YCH as of June 30, 2011 was \$254,325. Cottonwood Meadows is budgeted with a small profit positive cash flow. New Hope hopes to slowly pay down the balance due to YCH.

FISCAL IMPACT

The impact of this action is to improve the New Hope CDC balance sheet by reclassifying a Current Liability to a Long Term Liability.

CONCLUSION:

Staff recommends that the Board review and approve the note payable.

Attachment: Note Payable

PROMISSORY NOTE

\$254,325.00

Dated: May 17, 2012

1. FOR VALUE RECEIVED, New Hope Community Development Corporation, a California non-profit corporation (hereinafter referred to as "New Hope CDC"), hereby promises to pay to the Housing Authority of the County of Yolo, a public body corporate and politic (hereinafter referred to as "Yolo County Housing"), the principal sum of Two Hundred Fifty-Four Thousand Three Hundred Twenty Five Dollars and No Cents (\$254,325.00), payable as provided below.
2. This Promissory Note (hereinafter referred to as "Note") is made and given in connection with loans made to New Hope CDC by Yolo County Housing since New Hope CDC's acquisition of Cottonwood Meadows in 2003 and after the sale by New Hope CDC of the real property located at 460 N. East Street/1202-1206 E. Kentucky Avenue, Woodland, CA 95776 in November 2007.
3. The entire principal balance of this Note shall be due and payable upon the maturity date of this Note, which shall be June 30, 2037.
4. New Hope CDC shall make payments to Yolo County Housing during the term of this Note. New Hope CDC's final payment will be due on June 15, 2037 and will be for all principal not yet paid.
5. Payments shall be made payable to Yolo County Housing at 147 W. Main Street, Woodland, California 95695. Payments shall be in lawful money of the United States of America.
6. The principal balance of this Note may be prepaid in whole or in part at any time without prior notice to Yolo County Housing and without penalty to New Hope CDC.
7. New Hope CDC hereby waives all notices, demands and presentments for payment, all notices of default, nonpayment, intention to accelerate maturity, acceleration of maturity, protest and dishonor, and diligence in taking any action to collect amounts hereunder.
8. Any notice that must be given to Yolo County Housing under this Note shall be given by hand delivery or certified mail, postage prepaid, to the following address: Yolo County Housing, 147 W. Main Street, Woodland, California, 95695, unless Yolo County Housing gives reasonable notice to New Hope CDC of a different address to use for the delivery of notices hereunder:
9. This Note may be waived, changed, modified or discharged only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. A waiver by Yolo County Housing or a failure to enforce any covenant or condition of this Note shall not operate as a waiver of any such covenant or condition or affect the right of Yolo County Housing to exercise any right or remedy not expressly waived in writing.

10. The terms of this Note shall be binding upon New Hope CDC and upon New Hope CDC's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Yolo County Housing and its successors and assigns.

11. This Note shall be governed by the laws of the State of California.

12. If any provision of this Note, or the application thereof to any circumstance, is found to be unenforceable, invalid or illegal, such provision shall be deemed deleted from this Note or not applicable to such circumstance, as the case may be, and the remainder of this Note shall not be affected or impaired thereby.

IN WITNESS WHEREOF, New Hope CDC has caused this Promissory Note to be duly executed as of the date first written above.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION

By _____
Helen M. Thomson, President